



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

March 12, 2008

Jeanne Heinzen, Vice President
HSBC Card Services, Inc.
1441 Schilling Place
Salinas, CA 93901

Dear Ms. Heinzen:

RE: FINAL MONITORING VISIT REPORT for HSBC – ET06-0207

Date of the Visit:	03/04/08 (desk audit) and 03/07/08 (visit)
Beginning/Ending Time:	10:30 a.m. – 11:30 a.m.
Date of Last Visit:	08/04/07
Visit Location:	Salinas
Persons in attendance:	David Bigham, HSBC; Chris Mangels, Training Funding Partners (administrative subcontractor) via teleconference; and Lily Lai, ETP
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	12/30/05 – 12/29/07	Agreement Amount:	\$1,496,339
Training Start Date:	01/04/06	No. to Retain:	2,449
Date Training must be Completed:	09/30/07	Range of Hours:	24 – 90
Type of Trainee:	Retrainee	Weighted Ave. Hours:	47

FINAL REPORT SUMMARY:

The Agreement was executed on January 19, 2006. Training started on January 4, 2006, and ended on September 25, 2007. There were no revisions to the Agreement during its term.

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www.etp.ca.gov
ETP (04/15/05)

Job #	Planned Number	Completed Training and Retention	Reimbursable Hours Tracked on the ETP Class/Lab System	Approximate Potential Earnings
1	2,449	744	34,872	\$453,341

According to the data entered into the ETP Class/Lab Tracking System, 744 trainees (30% of planned retention) completed at least the minimum number of training hours and the required retention period. Based on the 34,872 hours recorded for trainees meeting the minimum hours, your company can potentially earn an estimated \$453,341 (30 percent of the encumbered amount).

INTERVIEW WITH CONTRACTOR REPRESENTATIVE:

Mr. Bigham stated that the performance was less than stellar because of three factors: 1) many of the initiatives planned for during development of the contract did not materialize, 2) some of the systems implementation were either delayed or suspended because of implementation problems, and 3) trainer resources were redirected to either out-of-state training or other compliance training.

According to Mr. Bigham, the training helped improve the skill sets of the customer service representatives, who are now able to work in customer service, collection, and fraud units. This is a significant benefit to the company in that it can apply personnel when the need is greater, and benefits the employees in that it makes them more valuable and less likely to be let go due to lack of work in their area. The funding allowed the company to provide training in areas it previously would not have been able to due to limited training budget.

ATTENDANCE ROSTERS:

Ms. Lai randomly selected and reviewed the attendance records of 27 trainees who were invoiced for final payment. The review sample consisted of daily and weekly class/lab attendance rosters which were compared to the data entered in the ETP on-line class/lab tracking system. The review of the rosters revealed that the information on the rosters was in accordance with Title 22, California Code of Regulations, Section 4442, Record Keeping and consistent with information in the ETP on-line tracking report.

AUDIT:

HSBC Card Services, Inc. will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Lily Lai at 650.655.6934 or llai@etp.ca.gov within ten (10) working days from receipt of this report.

Sincerely,



Ruby Cohen, Manager
Sacramento Regional Office



Lily Lai, Contract Analyst
San Francisco Bay Area Regional Office

cc: David Bigham, Manager, HSBC
Email: david.e.bigham@us.hsbc.com

Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File

Date report mailed to Contractor 4/3/08